

TOWNSHIP OF QUINCY
HOUGHTON COUNTY, MICHIGAN

AUDITED FINANCIAL STATEMENTS AND
SUPPLEMENTAL FINANCIAL INFORMATION

March 31, 2004

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name TOWNSHIP OF QUINCY	County HOUGHTON
Audit Date 3/31/04	Opinion Date 7/7/04	Date Accountant Report Submitted to State: 8/6/04	

We have audited the financial statements of this local unit of government and rendered an opinion on the financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) BRUCE A. RUKKILA, CPA, PC			
Street Address 310 SHELDEN AVENUE	City HOUGHTON	State MI	ZIP 49931
Accountant Signature <i>Debbie Bradford</i>			

TABLE OF CONTENTS

Page

INDEPENDENT AUDITOR'S REPORTS:

Independent Auditor's Report	3
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	5

GENERAL PURPOSE FINANCIAL STATEMENTS:

Combined Balance Sheet - Cash Basis - All Governmental Fund Types and Account Groups	6
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances Cash Basis - All Governmental Fund Types	7
Statements of Revenues, Expenditures, and Changes in Fund Balance - Cash Basis Budget and Actual - All Governmental Fund Types	8

NOTES TO FINANCIAL STATEMENTS

SUPPLEMENTAL FINANCIAL INFORMATION:

General Fund:	
Detail Statement of Revenues and Expenditures	15
Fiduciary Fund:	
Statement of Changes in Assets and Liabilities	17
LETTER OF COMMENTS AND RECOMMENDATIONS	18



Bruce A Rukkila, CPA, PC

Full Service Accounting Firm
for the Western Upper Peninsula

310 Sheldon Avenue • Houghton MI 49931
(906) 482-6601 • Fax: (906) 482-9046
e-mail: help@brucerukkila.com
www.bruцерukkila.com

INDEPENDENT AUDITOR'S REPORT

Honorable Supervisor and Board of Trustees
Township of Quincy
Hancock, Michigan

We have audited the accompanying general purpose financial statements of the Township of Quincy, as of and for the year ended March 31, 2004. These general purpose financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Township maintains a cash basis accounting. The cash method is not an appropriate basis for accounting and reporting by governmental organizations. Therefore, the statements do not conform with accounting principles generally accepted in the United States of America.

In our opinion, except for the effects on the financial statements of the omission described in the preceding paragraph, the general purpose financial statements present fairly, in all material respects, the financial position of Quincy Township as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2004 on our consideration of the Township of Quincy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements listed in the table of contents are presented as supplemental information and are not a required part of the general purpose financial statements of the Township of Quincy. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, are fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Bruce A. Rukhila, CPA, PC
Certified Public Accountants

July 7, 2004



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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Honorable Supervisor and Board of Trustees
Township of Quincy
Hancock, Michigan

We have audited the financial statements of the Township of Quincy as of and for the year ended March 31, 2004, and have issued our report thereon dated July 7, 2004. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance:

As part of obtaining reasonable assurance about whether the Township of Quincy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, a noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting:

In planning and performing our audit, we considered the Township of Quincy's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components do not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management, federal awarding agencies, and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Bruce A. Rukkila, CPA, PC
Certified Public Accountants

July 7, 2004

TOWNSHIP OF QUINCY
COMBINED BALANCE SHEET - CASH BASIS
ALL GOVERNMENTAL FUND TYPES AND ACCOUNT GROUPS
March 31, 2004

	Governmental Fund Types		Fiduciary Fund Type	Account Group	Totals (Memorandum Only)
	General	Special Revenue	Agency	General Fixed Assets	
ASSETS AND OTHER DEBITS:					
Cash	\$ 41,303	\$ 3,776	\$ -	\$ -	45,079
Investments	10,864	-	-	-	10,864
Restricted assets:					
Cash	-	-	527	-	527
Fixed assets	-	-	-	1,560	1,560
TOTAL ASSETS AND OTHER DEBITS	\$ 52,167	\$ 3,776	\$ 527	\$ 1,560	\$ 58,030
LIABILITIES:					
Due to other governmental units	\$ -	\$ -	\$ 527	\$ -	527
FUND EQUITY AND OTHER CREDITS:					
Investment in general fixed assets	-	-	-	1,560	1,560
Fund balance	52,167	3,776	-	-	55,943
TOTAL FUND EQUITY AND OTHER CREDITS	52,167	3,776	-	1,560	57,503
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$ 52,167	\$ 3,776	\$ 527	\$ 1,560	\$ 58,030

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF QUINCY
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - CASH BASIS
ALL GOVERNMENTAL FUND TYPES
For the year ended March 31, 2004

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
REVENUES:	\$ 7,663	\$ 4,104	\$ 11,767
Taxes	19,805	-	19,805
State	1,186	-	1,186
Administration and collection fees	958	-	958
Interest income	1,894	-	1,894
Other			
	<u>31,506</u>	<u>4,104</u>	<u>35,610</u>
TOTAL REVENUES			
EXPENDITURES:	2,455	-	2,455
Assessor	3,124	-	3,124
Supervisor	2,753	-	2,753
Clerk	104	-	104
Board of Review	3,085	-	3,085
Treasurer	1,531	-	1,531
Township Board	5,395	-	5,395
Property	1,975	-	1,975
Fire Protection	1,963	-	1,963
Other Activities	225	-	225
Roads and Streets	-	5,071	5,071
Fire Protection Fund			
	<u>22,610</u>	<u>5,071</u>	<u>27,681</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,896	(967)	7,929
FUND BALANCE, BEGINNING OF YEAR	43,271	4,743	48,014
FUND BALANCE, END OF YEAR	<u>\$ 52,167</u>	<u>\$ 3,776</u>	<u>\$ 55,943</u>

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF QUINCY
STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - CASH BASIS
BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
For the year ended March 31, 2004

	General			Special Revenue		
	Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)
REVENUES:						
Taxes	\$ 7,575	\$ 7,663	\$ 88	-	\$ 4,104	\$ 4,104
State	22,000	19,805	(2,195)	-	-	-
Administration fees	1,200	1,186	(14)	-	-	-
Interest income	15	958	943	-	-	-
Other	1,300	1,894	594	-	-	-
TOTAL REVENUES	32,090	31,506	(584)	-	4,104	4,104
EXPENDITURES:						
Assessor	3,500	2,455	1,045	-	-	-
Supervisor	3,200	3,124	76	-	-	-
Clerk	3,200	2,753	447	-	-	-
Board of Review	-	104	(104)	-	-	-
Treasurer	3,500	3,085	415	-	-	-
Township Board	3,075	1,531	1,544	-	-	-
Property	6,000	5,395	605	-	-	-
Fire Protection	2,200	1,975	225	-	-	-
Other Activities	1,700	1,963	(263)	-	-	-
Elections	1,200	-	1,200	-	-	-
Roads and Streets	-	225	(225)	-	5,071	(5,071)
Fire Protection Fund	-	-	-	-	-	-
TOTAL EXPENDITURES	27,575	22,610	4,965	-	5,071	(5,071)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 4,515	8,896	\$ 4,381	-	(967)	(967)
FUND BALANCE, BEGINNING OF YEAR		43,271			4,743	
FUND BALANCE, END OF YEAR		\$ 52,167			\$ 3,776	

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF QUINCY
NOTES TO FINANCIAL STATEMENTS
March 31, 2004

The Township of Quincy is a township located in Houghton County, Michigan. The Township operates under an elected Board of Trustees (five members, including the Township Supervisor, Township Clerk, Township Treasurer and two trustees) and provides services to a population of approximately 800 Township residents.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Quincy conform to generally accepted accounting principles as applicable to governments with the exception that the Township maintains a cash basis accounting. The following is a summary of the more significant accounting policies:

The Financial Reporting Entity

As required by generally accepted accounting principles, the financial statements of the Township of Quincy contain all of the Township funds. There are no other governmental units within the Township that are controlled by or dependent upon the Township's Board of Trustees. Control by or dependence on the Township was determined on the basis of appointment of the governing body or governing authority budget adoption, taxing authority, or general obligations of the Township, obligation of the Township to finance any deficits that may occur, surplus funds, and scope of public service.

Fund Accounting

The accounts of the Township of Quincy, County of Houghton, Michigan, are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. The available resources are allocated to and accounted for in the individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three generic fund types and two broad fund categories as follows:

GOVERNMENTAL FUNDS

General Fund - General Fund is the general operating fund and accordingly, it is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Fire Protection Fund is the only special revenue fund included in the financial statements for the current year.

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the Township in a trustee capacity or as an agent for other governments or other funds. The Tax Collection Fund is a fiduciary fund type.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GENERAL FIXED ASSETS

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Group, rather than in Governmental Funds. No depreciation has been provided on these assets. These assets are valued at estimated historical cost.

Basis of Accounting

The basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Township have been maintained in accordance with the cash basis method. The cash basis method dictates that revenues are recorded when cash is collected and expenditures recorded when cash is disbursed.

The cash basis method is not an appropriate reporting method under generally accepted accounting principles for governmental units.

Budgetary Data

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. During February the Township Clerk prepares a proposed budget for the General Fund for the fiscal year commencing the following April 1 and submits the proposed budget to the Board of Trustees at the regular March meeting.
- b. The Township Board of Trustees reviews the budget, which includes proposed expenditures and the means of financing them.
- c. The budget, subsequent to approval by the Board of Trustees, is submitted to the Township at the Annual Meeting, at which time public comment is invited and the final budget is formally adopted.
- d. The Board of Trustees reviews the budget during the fiscal year and makes amendments as it deems appropriate.
- e. Budget appropriations lapse at the end of the fiscal year.

Encumbrances

Encumbrances are defined as commitments related to unperformed contracts for goods and services. The Township does not record encumbrances in the normal course of operating its accounting system and none are recorded in the accompanying financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Property taxes are levied based on assessed values of property located in the Township. Assessed values are established annually (the first Monday in March) and equalized by the State at an estimated 50% of current market value. The property taxes are levied on December 1, and are payable without penalty through the following February 28. Property taxes are recognized as revenue in the fiscal year collected. The property taxes become an enforceable lien on property as of December 31.

The Township collects its own property taxes, and also collects property taxes for the County and the School Districts within its jurisdiction. Collections and remittances of all property taxes are accounted for in the Tax Collection Fund.

The 2003 taxable valuation of the Township of Adams amounted to \$3,446,770 on which ad valorem taxes of \$7,663 were levied for Township operating purposes (1.2425 and .9558 mills) and \$3,752 for Township fire protection (1.1949 mills). These amounts are recorded as revenue for the fiscal year ending March 31, 2004.

Total Column on Combined Statements

The total column on the combined statements is captioned "Memorandum Only" to indicate it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation which requires interfund eliminations, if any, be made in the aggregation of this data.

NOTE B - BUDGETING AND ACCOUNTING

The State of Michigan has enacted Public Act 621, the Uniform Budgeting and Accounting Act, to provide for a system of uniform procedures for the preparation and execution of budgets in local units of government. The main purpose of P.A. 621 is to require that all local units adopt balanced budgets, to establish responsibilities and define the procedures for the preparation, adoption, and maintenance of the budget, and to require certain information for the budget process, including data for capital construction projects. Major provisions of P.A. 621 are as follows:

1. Local units of government must adopt a budget.
2. The budget, including accrued deficits and available unappropriated surpluses, must be balanced.
3. The budget must be amended when necessary.
4. Debt shall not be entered into unless authorized in the budget.
5. Expenditures shall not be incurred in excess of the amount appropriated.
6. Expenditures shall not be made unless authorized in the budget.
7. Violations of the act, disclosed in an audit of the financial records, in the absence of reasonable procedures, shall be filed with the State Treasurer and reported to the Attorney General.

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted at the activity level.

NOTE B - BUDGETING AND ACCOUNTING (CONTINUED)

During the year ended March 31, 2004, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

<u>Description</u>	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variances</u>
GENERAL FUND	\$ -	\$104	\$(104)
Board of Review	\$1,700	\$1,963	\$(263)
Other Activities	\$ -	\$225	\$(225)
Roads and Streets			
	\$ -	\$5,071	\$(5,071)
FIRE PROTECTION			

NOTE C - CASH DEPOSITS

Cash

At March 31, 2004 the book value of the Township's demand deposits, consisting primarily of checking accounts and other cash equivalents, was \$56,470 with a corresponding bank balance of \$56,470. Qualifying deposits are insured by the Federal Deposit Insurance Corporation up to \$100,000. One hundred percent (100%) of the Township's deposits, was covered by Federal Depository.

NOTE D - PENSION PLAN

On December 20, 1991 the Township adopted the Municipal Retirement Systems, Inc., Money Purchase Pension Plan covering all employees and officials, except Township Boards and part time or seasonal employees. Employer contributions equal to 8% of a participants compensation are required. A past service credit is calculated at 3% of current compensation for each year of prior service to a maximum of ten years. The contributions for each employee are fully vested upon entering the plan. No contribution is required by the employees.

Contributions totaling \$895 were paid during the fiscal year ended March 31, 2004. This amount represents the required contributions for 2004. The Township's total wages and eligible wages for the year ended March 31, 2004 were both \$12,450.

NOTE E - CONTINGENT LIABILITIES

Risk Pool

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township was unable to obtain general liability insurance at a cost it considered to be economically justifiable and has joined together with other Michigan townships currently operating a common risk management and insurance program. The Township pays an annual premium to the pool for its general insurance coverage. The agreement provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies.

The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. The Township is unable to provide an estimate of the amounts of additional assessments.

NOTE F - JOINT VENTURE

On June 10, 1998 the Franklin-Quincy Township Water Authority was formed by the Township of Franklin and the Township of Quincy for the purpose of acquiring, owning, improving, enlarging, extending, and operating a water supply system.

The articles of incorporation of the Authority provide for a Board of Trustees to be the governing body. The Board consists of five members of which two members are appointed by Quincy Township.

The elements considered in the Township's determination that the Franklin-Quincy Township Water Authority should not be included as a component unit of the Township are as follows:

1. Quincy Township is not responsible for the designation of the Authority's management.
2. The Township does not significantly influence operations.
3. Quincy Township appoints only two members to the Authority's Board of Trustees.
4. The Township does not have significant fiscal management responsibilities. It does not have a right to receive surplus funds, but is responsible for guaranteeing certain debt along with the other municipality.
5. The Township provides no direct on-going financial support to the Authority.
6. The Township does not hold title to the physical assets of the Authority.

Financial transactions between the Township and the Authority, reported in the accompanying financial statements, constitute contractual agreements with the Authority for providing services to the Township.

NOTE G - PROPERTY, PLANT, AND EQUIPMENT

A summary of the changes in the General Fixed Assets Account Group is as follows:

	Balance 03/31/03	Additions	Deductions	Balance 03/31/04
Equipment	\$ 1,560	\$ -	\$ -	\$ 1,560

NOTE H - ECONOMIC DEPENDENCY

The Township receives approximately sixty-three percent (63%) of its revenue through the State of Michigan's revenue sharing program. This program distributes sales tax collected by the State of Michigan to local governments as unrestricted revenues. Revenues are distributed to municipalities each February, April, June, August, October, and December based on statewide tax collections for the two-month period ending the preceding December 31, February 28, April 30, June 30, August 31, and October 31.

SUPPLEMENTAL FINANCIAL INFORMATION

TOWNSHIP OF QUINCY
GENERAL FUND
DETAIL STATEMENT OF REVENUES AND EXPENDITURES
For the year ended March 31, 2004

	<u>2004</u>
REVENUES:	
TAXES:	\$ 7,663
Property tax	<u> </u>
STATE:	19,805
State shared revenues	<u> </u>
ADMINISTRATION AND COLLECTION FEES	1,186
INTEREST	<u>958</u>
OTHER:	485
Refunds	1,409
Miscellaneous	<u> </u>
Total other	1,894
TOTAL REVENUES	<u>31,506</u>
EXPENDITURES:	
ASSESSOR:	2,455
Salaries	<u> </u>
SUPERVISOR:	3,124
Salaries	<u> </u>
CLERK:	2,753
Salaries	<u> </u>
BOARD OF REVIEW:	104
Professional services	<u> </u>
Total board of review	104
TREASURER:	2,968
Salaries	117
Office supplies	<u> </u>
Total treasurer	<u>3,085</u>

TOWNSHIP OF QUINCY
GENERAL FUND
DETAIL STATEMENT OF REVENUES AND EXPENDITURES
(CONTINUED)
For the year ended March 31, 2004

	<u>2004</u>
TOWNSHIP BOARD:	1,150
Salaries	186
Fees	195
Miscellaneous	<u> </u>
	1,531
Total township board	<u> </u>
PROPERTY:	2,180
Insurance	3,215
Capital Outlay	<u> </u>
	5,395
Total property	<u> </u>
FIRE PROTECTION:	1,975
Professional services	<u> </u>
OTHER ACTIVITIES:	1,800
Payroll taxes	163
Administration	<u> </u>
	1,963
Total other activities	<u> </u>
ROADS AND REPAIRS:	225
Repairs and maintenance	<u> </u>
	22,610
TOTAL EXPENDITURES	<u> </u>
EXCESS OF REVENUES OVER EXPENDITURES	8,896
FUND BALANCE, BEGINNING OF YEAR	43,271
FUND BALANCE, END OF YEAR	<u>\$ 52,167</u>

TOWNSHIP OF QUINCY
FIDUCIARY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the year ended March 31, 2004

	Balance <u>April 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>March 31, 2004</u>
<u>TAX COLLECTION FUND</u>				
ASSETS:				
Cash	\$ 665	\$ 121,404	\$ 121,543	\$ 526
TOTAL ASSETS	<u>\$ 665</u>	<u>\$ 121,404</u>	<u>\$ 121,543</u>	<u>\$ 526</u>
LIABILITIES:				
Due to General Fund	\$ -	\$ 8,865	\$ 8,865	\$ -
Due to County	-	48,144	48,144	-
Due to Schools	-	60,090	60,090	-
Due to Fire Fund	-	4,104	4,104	-
Due to Other Governmental Units	665	165	304	526
Overpayments	-	36	36	-
Miscellaneous	-	-	-	-
TOTAL LIABILITIES	<u>\$ 665</u>	<u>\$ 121,404</u>	<u>\$ 121,543</u>	<u>\$ 526</u>



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Full Service Accounting Firm
for the Western Upper Peninsula

310 Sheldon Avenue • Houghton MI 49931
(906) 482-6601 • Fax: (906) 482-9046
e-mail: help@brucerukkila.com
www.brucerukkila.com

LETTER OF COMMENTS AND RECOMMENDATIONS

Honorable Supervisor and Township Board
Township of Quincy
Hancock, Michigan

- We have audited the general purpose financial statements of the Township of Quincy, for the year ended March 31, 2004, and have issued our report thereon dated July 7, 2004. As part of our audit, we made a study and evaluation of the Township's internal control structure only to the extent we considered necessary as required by generally accepted auditing standards.

- Under generally accepted auditing standards, the purpose of an evaluation of the internal control structure is to establish a basis for reliance on the system in determining the nature, timing and extent of other auditing procedures and to assist in planning and performing the audit. Our audit would not necessarily disclose all weaknesses in the system because it was based on selective tests of accounting records and related data.

The following suggestions are submitted to assist in improving procedures and controls.

Accounting System (repeat comment)

- We recommend the Township utilize the Uniform Chart of Accounts required by the State of Michigan.

Budgeting

- Comparing actual to budgeted expenditures shows that over expenditures have occurred. P.A. 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

- In violation of P.A. 621, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

GENERAL FUND			
Board of Review	\$ -	\$104	\$(104)
Other Activities	\$1,700	\$1,963	\$(263)
Roads and Streets	\$ -	\$225	\$(225)
FIRE PROTECTION	\$ -	\$5,071	\$(5,071)

We recommend that the general fund budget be prepared under the guidelines of Public Act 621, and that the budgets be monitored throughout the year and amendments be made as necessary.

In addition we noted that no budget was prepared for the Fire Fund, which is required by P.A. 621. We recommend that the Township prepare a separate budget for all governmental funds as required.

We would like to thank the Township for the excellent cooperation we received during our audit. We appreciate the opportunity to present these comments and recommendation for your consideration and are prepared to discuss them at your convenience.

Bruce A. Rukhila, CPA, PC

Certified Public Accountants

July 7, 2004